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Wilson, George I.

Honest and dishonest
money

[S.I.]

[1895]

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HONEST AND DISHONEST MONEY

ALL MONEY BAD THAT IS NOT PROPERLY ISSUED

[FROM "THE NEW CHRISTIANITY," MAY, 1895.]

[T was shown in the last number of The New Christianity that money of intrinsic value is neither necessary nor desirable. The purpose of this article will be to show that such money is impossible under a system of government that guarantees "equal rights to all and special privileges to none."

No money should ever be put into circulation that gives one class of producers an advantage over other producers; yet this has been the character of the money issued in the United States for more than 100 years. And what is the result?

The result is a centralization of money and power that is most alarming. Three-fourths of the nation's wealth is possessed by one-sixth of the population, while the larger and producing portion of the population is reduced almost to a condition of serfdom.

If there is one thing more than another upon which light is needed at the present time, it is the subject of money. Not one person in a thousand fully comprehends the evils that result from false systems of finance, and few of these few see the way clearly to a solution of the money problem.

All through the ages money has been made the instrument of oppression, and it will continue to serve as such until the light of truth breaks through and finally overcomes the prejudices of the people.

History records but few instances where anything like equity has obtained in matters of exchange. The most notable one of these instances is recorded in the history of the Bank of Venice. By a system of book-keeping simply, which permitted an exchange of credits, the Venetian people, for a period of 600 years (until conquered by Napoleon), seem to have exempted themselves almost entirely from the evils of spurious finance. But the Venetian system, meritorious as it was, is not adapted to the needs of larger and more populous nations at the present day. Let us, however, learn a lesson from this history of the past.

What is money, and what are its functions? If equitable exchanges can be brought about by a system of book-keeping, is not money then a substitute for book-keeping, a mere instrument for effecting exchanges? And is it not also, or should it not be, a certificate to show that value has been created for, or service rendered to, the community as a whole, for which value or service the community is bound to render an equivalent?

In other words, money is not value itself, but a representative of value, an order as it were, on the general store of the community for anything which the holder may desire. The orders pass from hand to hand, and serve as a medium of exchange, being canceled only when they reach the source from which they emanated. To inscribe such orders on a valuable metal, or to make them payable in a valuable metal, is to concentrate demand for that metal and to give to money a speculative quality that it should not possess.

Money is the life-blood of a nation, and it must be pure or it will produce a diseased condition of the social body. We have this diseased condition in our own country at the present time. Instead of making money an instrument of progress, we have made it an instrument of destruction, a convenient tool by means of which one portion of the community is enabled to live at the expense of the other portion. Better by far that we should return to the savage method of barter, than perpetuate the present system.

The fact is, that most of us need to divest

ourselves of every idea we entertain at present in regard to money, and start anew from the standpoint of honest inquiry.

First, let us discard the standard-of-value idea. There is and can be no such thing as a material standard of value that will measure other values impartially. To measure one commodity with a given quantity of some other commodity, which, from the very fact of its being made a standard, causes it to be cornered and monopolized the world over, is as absurd as it is unjust. The purchasing power of money, like everything else, is regulated by the supply of and the demand for money. If the supply of money is increased proportionately to increased demand, which comes from increase of population, the purchasing power of the dollar will remain uniform, and there is no need of a material standard.

Again, it is impossible to have an honest money system with money of intrinsic value, or with credit money (notes) based upon such. Money of gold or silver cannot be issued by a government for a consideration (and money should never be issued in any other way), without creating a debt, or taxing the people to the extent of the value of the coin issued. But whether put into circulation by this method or under a free coinage system, the producers of the money material are given an advantage over other producers that is sure to result in great inequality.

And here let it be stated, and emphasized as well, for upon it hinges the whole money problem, that the chief defect in our own and other money systems is in the mode of issuing money, which gives control to those who give nothing useful to society in return.

It is this monopoly of issue and control that leads to all other monopolies (land included), that absorbs by means of interest and rent all surplus wealth, and that by interfering with the free and equitable distribution of wealth checks also the production of wealth.

What we need to do is to reverse our present system, and issue money for a consideration only.

The principle of free coinage is wrong, it matters not whether applied to gold or silver. It is substantially a gift of money to a certain class.* It is true that those who have money coined for them by the government furnish the money material, but that is of little benefit to the community. Suppose they were to bring pieces of paper to receive the government stamp, instead of metal, would the effect not be precisely the same, and would not the community be just as well off? How many people have thought of this? Let those who have not ponder it awhile, study out in their own minds the far reaching and inevitable effects of such a system, and then compare it with present conditions.

We have in our national banking system what comes very near free coinage of paper. The one per cent tax paid to the government covers the expense of issuing the notes; but what have the banks done for the benefit of the community, that they should compel the people to pay six per cent interest or more for the use of this portion of the circulating medium?

The notes are secured by government bonds, but let the people remember that they are also paying interest on these bonds, which never should have been issued except in the form of legal tender money.

It is not necessary for a government to issue

*Credit is due Mr. John D. Gill, of Duluth, Minn., for being the first to call attention to the fact that we are as a nation actually giving away our money.

notes. It is its duty to supply its citizens with money; and to make one kind of money redeemable in some other kind of money is both absurd and wrong. Money being a creation of law, and all money being fiat money, the government can just as well stamp a piece of paper and declare it to be a dollar, as a piece of metal. The solution of the money problem does not lie in mono-metallism, bi-metallism or in paper money to be issued by private corporations; but it does lie in paper money to be issued by the government for a consideration, which shall be receivable, the same as payable, for all public and private dues. This would set the people to work on a basis of equality—those who earned money being the first to possess it; would abolish usury, which comes from the improper issuing of money; and also provide for the purchase or building of railroads and all public necessities of a like nature, which should be operated in the interest of the whole people instead of a few.

The volume of such money could be easily regulated, the public service and taxation providing the means. Ultimately, however, when cash payments have been instituted and debts no longer exist, no injustice would be done in allowing the volume to regulate itself, automatically as it were, to the needs of the community.

Under this system of money the burden of taxation would be greatly reduced—obviously to the extent of increased money supply, necessitated by increase of population. And if what is called the public debt, now represented by hundreds of millions in interest-bearing bonds, were represented in legal tender paper money (as it should be), what a vast amount would be saved the people yearly in interest!

But some one will ask, How can we maintain our credit with foreign nations, and effect exchanges, without gold coin? We have nothing to do with the money of foreign nations, or they with ours. Trade balances are always settled with products. Gold at the present time goes to foreign shores not as money but as bullion. Let it go and come the same as wheat or any other commodity. The coining is a needless expense.

Moreover, let us hope that the golden idol will be dethroned, not only in our own country but throughout the world. Commodity money is a relic of barbarism, and the bane of civilization. It is strange the world has not yet discovered this. It is the most effectual barrier to progress that could possibly be erected. Our very liberties even, are threatened by it.

The money question is not merely an important economic question, it is a great moral question. The whole tendency of our present system is to dwarf, make selfish and debase. A portion of the race are lost in their greed for that which brings social distinction and power, while by far the larger portion are engaged in such a desperate struggle for existence that they have no time to think of the better things of life.

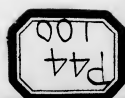
Conditions make men, as well as men conditions, and it behooves us to make our economic conditions as favorable as possible to the growth and higher development of our citizens. To nothing else in the United States, where freedom of opportunity is supposed to exist, are our present unhappy conditions so directly traceable as to a false monetary system. Let us remove this great impediment to progress, and pursue our journey in the upward path.

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